

AMENDED IN ASSEMBLY JUNE 27, 2006

AMENDED IN ASSEMBLY JUNE 8, 2006

AMENDED IN ASSEMBLY MAY 4, 2006

AMENDED IN ASSEMBLY JUNE 27, 2005

SENATE BILL

No. 458

Introduced by Senator Speier

February 18, 2005

~~An act to add and repeal Chapter 2.23 (commencing with Section 1399.830) of Division 2 of the Health and Safety Code, and to amend Sections 14087.51 and 14087.54 of the Welfare and Institutions Code, relating to health care.~~ *An act to amend Sections 14087.51 and 14087.54 of the Welfare and Institutions Code, relating to health care.*

LEGISLATIVE COUNSEL'S DIGEST

SB 458, as amended, Speier. ~~Basic health care: counties.~~ *Health care: county organized health systems.*

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care benefits.

Existing law authorizes San Mateo County, and other counties electing to do so, to, by ordinance, establish a commission to arrange for the provision of health care services provided pursuant to the Medi-Cal program, and to provide health care delivery systems to other specified persons.

This bill would allow a county board of supervisors to authorize such a commission to provide health care delivery systems to other individuals or groups in the service area, including, but not limited to, public agencies, private businesses, and uninsured or indigent

persons. The bill would prohibit such a commission from using any payment or reserve from the Medi-Cal program for these purposes. The bill would provide that nothing in these provisions shall prohibit a commission from providing services to those other individuals or groups in counties other than the commission's county if the commission is approved by the Department of Managed Health Care to provide services in those counties.

Existing law authorizes a commission operating pursuant to these provisions in the Counties of Santa Cruz and Monterey to enter into contracts for the provision of health care services to persons who are eligible to receive medical benefits under any publicly supported program if specified conditions are met.

This bill would extend this authorization to a commission operating pursuant to these provisions in any county.

~~Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans. Existing law also provides for the regulation of health insurers by the Insurance Commissioner.~~

~~This bill would authorize, until January 1, 2009, a health care coverage pilot project in which up to 200,000 employees of employers in chronically uninsured industries, as defined, may be enrolled and receive preventative health care coverage, as specified, through administering health care service plans or health insurers. The bill would require that, before January 1, 2009, an evaluation of the coverage provided pursuant to the pilot project be submitted to the Legislature.~~

~~Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and pursuant to which health care services are provided to qualified low-income persons. Existing law authorizes any county or counties to establish a special commission in order to meet the problems of delivery of publicly assisted medical care in the county or counties, and to demonstrate ways of promoting quality care and cost efficiency.~~

~~This bill would expand the scope of that authorization to include meeting the problems of a lack of access to affordable health plan coverage, and would authorize a commission to offer coverage for privately financed medical care for residents of the commission's county, other counties, or both, in certain circumstances.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~ *no*. State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 14087.51 of the Welfare and Institutions*
2 *Code is amended to read:*

3 14087.51. (a) It is necessary that a special commission be
4 established in San Mateo County and in any other county
5 designated by the California Medical Assistance Commission in
6 order to meet the problems of the delivery of publicly assisted
7 medical care in the counties and to demonstrate ways of
8 promoting quality care and cost efficiency.

9 (b) The Board of Supervisors of San Mateo County and of the
10 designated counties may, by ordinance, establish commissions to
11 do any or all of the following:

12 (1) Negotiate the exclusive contracts specified in Section
13 14087.5 and to arrange for the provision of health care services
14 provided pursuant to this chapter.

15 (2) Enter into contracts for the provision of health care
16 services to subscribers in the Healthy Families Program.

17 (3) Enter into agreements under Chapter 5 (commencing with
18 Section 6500) of Division 7 of Title 1 of the Government Code.

19 (c) In addition to the authority specified in subdivision (b), the
20 Board of Supervisors of San Mateo County may, by ordinance,
21 authorize the commission established pursuant to this section to
22 provide health care delivery systems for any or all of the
23 following persons:

24 (1) Persons who are eligible to receive medical benefits under
25 this chapter in the county, including, but not limited to, persons
26 who are eligible through federal waiver or a pilot project.

27 (2) Persons who are eligible to receive medical benefits under
28 both Title 18 and Title 19 of the federal Social Security Act.

29 (3) Persons who are eligible to receive medical benefits under
30 Title 18 of the federal Social Security Act.

31 (4) Persons who are eligible to receive medical benefits under
32 publicly supported programs if the commission and participating
33 providers acting pursuant to subcontracts with the commission
34 agree to hold harmless the beneficiaries of the publicly supported
35 programs if the contract between the sponsoring government
36 agency and the commission does not ensure sufficient funding to
37 cover program costs.

1 (5) Other individuals or groups in the service area, including,
2 but not limited to, public agencies, private businesses, and
3 uninsured or indigent persons. The commission shall not use any
4 payment or reserve from the Medi-Cal program for purposes of
5 this paragraph.

6 (d) Nothing in this section shall prohibit the commission
7 established pursuant to this section from providing services
8 pursuant to paragraph (5) of subdivision (c) in counties other
9 than the commission's county if the commission is approved by
10 the Department of Managed Health Care to provide services in
11 those counties. The commission shall not use any payment or
12 reserve from the Medi-Cal program for purposes of this
13 subdivision.

14 ~~(d)~~

15 (e) If the board of supervisors elects to enact an ordinance
16 pursuant to this section, all rights, powers, duties, privileges, and
17 immunities vested in a county by an article shall be vested in the
18 county commission. Any reference in this article to "county"
19 shall mean a commission established pursuant to this section.

20 ~~(e)~~

21 (f) The enabling ordinance shall specify the membership of the
22 county commission, the qualifications for individual members,
23 and any other matters as the board of supervisors deems
24 necessary or convenient for the conduct of the county
25 commission's activities. A commission so established shall be
26 considered a public entity for purposes of Division 3.6
27 (commencing with Section 810) of Title 1 of the Government
28 Code. All commissioners shall be appointed by majority vote of
29 the board of supervisors and shall serve at the pleasure thereof.
30 The board of supervisors may appoint no more than two of its
31 own members to serve on the commission.

32 ~~(f)~~

33 (g) As an alternative to establishing a separate commission,
34 the enabling ordinance may designate the board of supervisors
35 itself as the commission authorized by this article.

36 SEC. 2. Section 14087.54 of the Welfare and Institutions
37 Code is amended to read:

38 14087.54. (a) Any county or counties may establish a special
39 commission in order to meet the problems of the delivery of

1 publicly assisted medical care in the county or counties and to
2 demonstrate ways of promoting quality care and cost efficiency.

3 (b) (1) A county board of supervisors may, by ordinance,
4 establish a commission to negotiate the exclusive contract
5 specified in Section 14087.5 and to arrange for the provision of
6 health care services provided pursuant to this chapter. The boards
7 of supervisors of more than one county may also establish a
8 single commission with the authority to negotiate an exclusive
9 contract and to arrange for the provision of services in those
10 counties. If a board of supervisors elects to enact this ordinance,
11 all rights, powers, duties, privileges, and immunities vested in a
12 county by this article shall be vested in the county commission.
13 Any reference in this article to “county” shall mean a
14 commission established pursuant to this section.

15 (2) ~~The A commission operating in Santa Cruz and Monterey~~
16 ~~Counties~~ pursuant to this section may also enter into contracts for
17 the provision of health care services to persons who are eligible
18 to receive medical benefits under any publicly supported
19 program, if the commission and participating providers acting
20 pursuant to subcontracts with the commission agree to hold
21 harmless the beneficiaries of the publicly supported programs if
22 the contract between the sponsoring government agency and the
23 commission does not ensure sufficient funding to cover program
24 costs. The commission shall not use any payments or reserves
25 from the Medi-Cal program for this purpose.

26 (3) In addition to the authority specified in paragraph (1), the
27 board of supervisors may, by ordinance, authorize the
28 commission established pursuant to this section to provide health
29 care delivery systems for any or all of the following persons:

30 (A) Persons who are eligible to receive medical benefits under
31 both Title 18 of the federal Social Security Act (42 U.S.C. Sec.
32 1395 et seq.) and Title 19 of the federal Social Security Act (42
33 U.S.C. Sec. 1396 et seq.).

34 (B) Persons who are eligible to receive medical benefits under
35 Title 18 of the federal Social Security Act (42 U.S.C. Sec. 1395).

36 (C) *Other individuals or groups in the service area, including,*
37 *but not limited to, public agencies, private businesses, and*
38 *uninsured or indigent persons. The commission shall not use any*
39 *payment or reserve from the Medi-Cal program for purposes of*
40 *this subparagraph.*

1 (4) *Nothing in this section shall prohibit a commission*
2 *established pursuant to this section from providing services*
3 *pursuant to subparagraph (C) of paragraph (3) in counties other*
4 *than the commission's county if the commission is approved by*
5 *the Department of Managed Health Care to provide services in*
6 *those counties. The commission shall not use any payment or*
7 *reserve from the Medi-Cal program for purposes of this*
8 *paragraph.*

9 ~~(4)~~

10 (5) For purposes of providing services to persons described in
11 *subparagraph (A) or (B) of paragraph (3)*, if the commission
12 seeks a contract with the federal Centers for Medicare and
13 Medicaid Services to provide Medicare services as a Medicare
14 Advantage program, the commission shall first obtain a license
15 under the Knox-Keene Health Care Service Plan Act (Chapter
16 2.2 (commencing with Section 1340) of Division 2 of the Health
17 and Safety Code).

18 ~~(5)~~

19 (6) With respect to the provision of services for persons
20 described in *subparagraph (A) or (B) of paragraph (3)*, the
21 commission shall conform to applicable state licensing and
22 freedom of choice requirements as directed by the federal
23 Centers for Medicare and Medicaid Services.

24 ~~(6)~~

25 (7) Any material, provided to a person described in
26 *subparagraph (A) or (B) of paragraph (3)* who is dually eligible
27 to receive medical benefits under both the Medi-Cal program and
28 the Medicare Program, regarding the enrollment or availability of
29 enrollment in Medicare services established by the commission
30 shall include notice of all of the following information in the
31 following format:

32 (A) Medi-Cal eligibility will not be lost or otherwise affected
33 if the person does not enroll in the plan for Medicare benefits.

34 (B) The person is not required to enroll in the Medicare plan to
35 be eligible for Medicare benefits.

36 (C) The person may have other choices for Medicare coverage
37 and for further assistance may contact the federal Centers for
38 Medicare and Medicaid Services (CMS) at 1-800-MEDICARE
39 or www.Medicare.gov.

1 (D) The notice shall be in plain language, prominently
2 displayed, and translated into any language other than English
3 that the commission is required to use in communicating with
4 Medi-Cal beneficiaries.

5 (c) It is the intent of the Legislature that if a county forms a
6 commission pursuant to this section, the county shall, with
7 respect to its medical facilities and programs occupy no greater
8 or lesser status than any other health care provider in negotiating
9 with the commission for contracts to provide health care services.

10 (d) The enabling ordinance shall specify the membership of
11 the county commission, the qualifications for individual
12 members, the manner of appointment, selection, or removal of
13 commissioners, and how long they shall serve, and any other
14 matters as a board of supervisors deems necessary or convenient
15 for the conduct of the county commission's activities. A
16 commission so established shall be considered an entity separate
17 from the county or counties, shall be considered a public entity
18 for purposes of Division 3.6 (commencing with Section 810) of
19 Title 1 of the Government Code, and shall file the statement
20 required by Section 53051 of the Government Code. The
21 commission shall have in addition to the rights, powers, duties,
22 privileges, and immunities previously conferred, the power to
23 acquire, possess, and dispose of real or personal property, as may
24 be necessary for the performance of its functions, to employ
25 personnel and contract for services required to meet its
26 obligations, to sue or be sued, and to enter into agreements under
27 Chapter 5 (commencing with Section 6500) of Division 7 of Title
28 1 of the Government Code. Any obligations of a commission,
29 statutory, contractual, or otherwise, shall be the obligations solely
30 of the commission and shall not be the obligations of the county
31 or of the state.

32 (e) Upon creation, a commission may borrow from the county
33 or counties, and the county or counties may lend the commission
34 funds, or issue revenue anticipation notes to obtain those funds
35 necessary to commence operations.

36 (f) In the event a commission may no longer function for the
37 purposes for which it was established, ~~at such time as~~ *the time*
38 *that* the commission's then existing obligations have been
39 satisfied or the commission's assets have been exhausted, the

1 board or boards of supervisors may by ordinance terminate the
2 commission.

3 (g) Prior to the termination of a commission, the board or
4 boards of supervisors shall notify the State Department of Health
5 Services of its intent to terminate the commission. The
6 department shall conduct an audit of the commission's records
7 within 30 days of the notification to determine the liabilities and
8 assets of the commission. The department shall report its findings
9 to the board or boards within 10 days of completion of the audit.
10 The board or boards shall prepare a plan to liquidate or otherwise
11 dispose of the assets of the commission and to pay the liabilities
12 of the commission to the extent of the commission's assets, and
13 present the plan to the department within 30 days upon receipt of
14 these findings.

15 (h) Upon termination of a commission by the board or boards,
16 the county or counties shall manage any remaining assets of the
17 commission until superseded by a department approved plan.
18 Any liabilities of the commission shall not become obligations of
19 the county or counties upon either the termination of the
20 commission or the liquidation or disposition of the commission's
21 remaining assets.

22 (i) Any assets of a commission shall be disposed of pursuant
23 to provisions contained in the contract entered into between the
24 state and the commission pursuant to this article.

25 ~~SECTION 1. Chapter 2.23 (commencing with Section~~
26 ~~1399.830) is added to Division 2 of the Health and Safety Code,~~
27 ~~to read:~~

28
29
30 **All matter omitted in this version of the bill**
31 **appears in the bill as amended in the**
32 **Assembly, June 8, 2006. (JR11)**
33